

Throughout most of the year 2000, the Wasatch County economy experienced employment declines. This downturn continued into the first quarter of 2001, but by the second quarter, the situation had swung back to the positive side. Could this be the beginning of a sustained upswing?

January-June 2001

In 1999, Wasatch County's economy, as measured by annual employment growth, was growing at around 10 percent. In 2000, the employment situation had

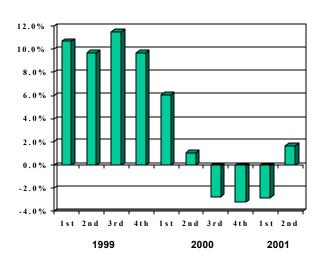
completely reversed into a negative direction. These types of wild employment-growth fluctuations come with the territory in small economies, where one large employer, in this case Bear Creek Country Kitchen, can cause this entire swing of growth or contraction.

nonfarm jobs

In the first quarter of 2001, Wasatch County's economy contracted by 2.8 percent. Employment losses in construction, manufacturing, and services were the primary causes. Total employment fell by around 130 positions to just over 4,400.

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Wasatch County Year-Over Growth in Nonfarm Jobs



Economic Newsletter

Published December 2001



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Current through June 2002

Just the Facts

	1st Quarter		Percent 2nd C		uarter	Percent	
	2001	2000	Change	2001	2000	Change	
Unemployment Rate	5.1%	4.6%	•	4.7%	4.7%		
Nonfarm Jobs	4,436	4,565	-2.8%	4,753	4,675	1.7%	
Total Construction (000s)	\$14,945.1	\$11,357.3	31.6%	\$18,421.0	\$25,660.4	-28.2%	
New Home Permits	51	60	-15.0%	81	88	-8.0%	
Taxable Sales (000s)	\$36,001.0	\$37,640.4	-4.4%	\$41,956.5	\$39,318.1	6.7%	



Summary

- Wasatch County's economy appears to have turned the corner out of a declining employment situation and is moving back onto the positive side.
- The first quarter of 2001 was a continuation of the employment declines that characterized most of 2000. But by the second quarter, employment growth returned.
- Wide employment fluctuations are common to small non-metropolitan counties.
- Construction, manufacturing, and services were all in a declining mode during the first quarter.
- A second-quarter reversal included only very minor declines in construction and manufacturing, and services shifted back to the positive side.
- Local government employment, with gains in the local school district, is a consistently stable industry in the county.

Construction dropped close to 100 year-over positions for the first quarter, led by heavy construction and the special trade contractors. Manufacturing matched this 100-position loss, largely due to cutbacks at Bear Creek Country Kitchen. The services industry lost around 35 positions through a combination of lodging, business services, and recreation services cutbacks.

tale of two quarters

Then came the second quarter of 2001. These same three industries came close to doing an about-face. The losses in construction and manufacturing slowed to a trickle, and the services industry reported a gain of nearly 40 positions. Add employment gains in local government to this mix, and the second quarter showed year-over growth of 1.7 percent. This is a gain of around 80 positions and places second quarter total employment at just under 4,800. There is seasonality in the Wasatch County economy, with the summer months having more employment than the winter months – compare the first quarter total of 4,400 against the second total of 4,800.

the influencing factors

Currently, it seems that construction, manufacturing, and services are determining the county's economic direction. But what about the county's other industries? The largest industry is trade, accounting for around 28 percent of all jobs. What about it? Outside of some increases within restaurants, this industry showed very little change across the first half of 2001. This is largely the theme across-the-board when you look at the county's other industries. The only other industry with noticeable and consistent gains, as previously mentioned, is local government. This industry, fueled by increases in the local school district, is growing by around 40 positions.

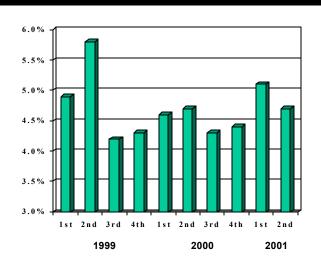
construction

A look at approved construction permitting is generally a barometer of the construction industry's future direction, but this could be somewhat misleading in Wasatch County. When large numbers of homes and condos are approved around the Jordanelle Reservoir, it is probably not Wasatch County construction companies that will be doing that work. It will most likely be Park City-based or Salt Lake County-based companies who handle that work. But that's not the case yet in the first half of 2001, as the majority of the county's approved residential construction is centered upon Heber City, which generally benefits the local construction companies.

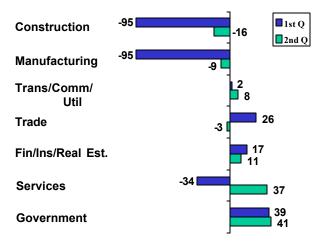
home territory

For the first half of 2001, authorized construction permits are down, falling by \$3.6 million to \$33.4 million. Nonresidential valuation remained steady at \$5.9 million, but residential valuation fell by \$3.9 million to \$26.1 million. Approvals include 130 single-family homes and two twinhome units.

Wasatch County Unemployment Rates



Wasatch County Nonfarm Job Growth: 2000-2001





Taxable sales, a barometer of consumer spending, were rather lethargic in the first half of 2001 — rising by 1.9 percent to \$78 million. Again, it's a tale of two different quarters. Sales were down 4.4 percent in the first quarter, but rebounded with a strong 6.7 percent second quarter increase, equaling out to the 1.9 percent gain for the entire first half.

Retail trade is the largest area of taxable sales, pulling in \$40.9 million for the first half. The bad news is this is 4.7 percent lower than first half 2000. Areas of declining sales include restaurants, motor vehicle dealers, and building and garden stores.

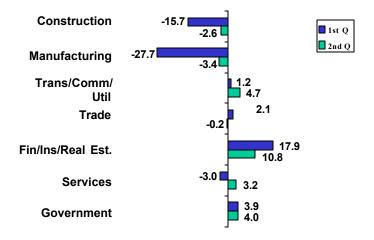
If retail sales are down, then where are the gains? They are mostly centered upon the services industry. Lodging sales were down slightly, but the gains are centered upon business services, auto repair, and recreation services. Other areas apart from services that enjoyed strong sales gains include the electric and gas industry, and communications.



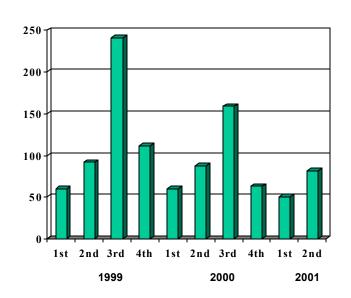
After experiencing employment declines throughout most of 2000, Wasatch County's economy appears to have turned the corner and is now back on a growth trend. Sales were still down in the first quarter of 2000, but turned back to the positive side in the second quarter. This turnaround is happening in the face of a sharp national economic slowdown, and it will be interesting to see if this momentum continues into the second half of 2001 and beyond.

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Wasatch County Nonfarm % Job Growth: 2000-2001



Wasatch County Residential Construction Approvals



Economic Events

- The Wasatch County Planning Commission has passed on a recommendation to the County Commission that it OK density requirements for an upscale development proposed for Bonanza Flats by United Park City Mines. The company envisions a development on 1,600 acres that would have 160 single-family units and 70 condominiums. A golf course is also being discussed. The Planning Commission's support sets in motion the lengthy approval process for the project, which would be constructed next to Flagstaff, a similar development being built by the mine company just over the Summit County line in Park City. The Wasatch County Commission will probably start discussions on the Bonanza Flats project in January. (The Salt Lake Tribune, 12/7/01)
- Wasatch County School District is in the "very preliminary" stages of searching out properties for a new elementary school. The Wasatch County School Superintendent noted that this year's district student population increased by more than 100. Currently, the District's three elementary schools, Heber Valley Elementary, J.R. Smith Elementary and Midway Elementary, are using modular classrooms to handle student overflow. (The Wasatch Wave, 12/5/01)
- Utah Valley State College's plan to build a satellite campus in Wasatch County is second on the Utah Board of Regents priority list for funding in 2002. (Harktheherald.com, 10/4/01)
- Wasatch County has given conceptual approval to an exclusive luxury development including three 18-hole championship golf courses along the Provo River on the east side of Jordanelle. Geared to the out-of-state rich, it will be the luxury development among Jordanelle developments, with lots averaging just above \$1 million minimum and houses in the \$5 million to \$10 million range. Victory Ranch is planned for 792 units, including a 50-room fishing lodge and the three golf courses. To live there, every resident must be elected to a golf membership. More environmental studies must be done before final approval. (The Deseret News, 8/28/01)
- It looks like some headway is being made on the proposed Utah Valley State College (UVSC) Wasatch campus. Twenty-three acres have been donated on a hillside about 1.5 miles north of Heber City. A \$5-million endowment from a local entrepreneur is just waiting to be spent. What's holding the project up is water and sewer. Connecting the school to existing systems is very costly, but the sewer problem may have been handled with a recent decision to go with a two-tank septic system. If the water situation can be easily solved, it looks like classes will begin by fall 2004. (The Wasatch Wave, 6/13/01)

labor market indicators

Wasatch County

	First Quarter (January-March)				Second Quarter (April-June)				
	2001(p)	2000		Numeric Change	2001(p)	2000		Numeric Change	
Civilian Labor Force*	6,655	6,333	5.1	322	6,600	6,307	4.7	294	
Employed	6,317	6,042	4.6	275	6,287	6,010	4.6	278	
Unemployed	338	291	16.0	47	313	297	5.4	16	
Percent of Labor force	5.1	4.6			4.7	4.7			
Total Nonagricultural Jobs**	4,436	4,565	-2.8	-129	4,753	4,675	1.7	78	
Goods Production	783	962	-18.6	-179	884	900	-1.8	-16	
Mining	23	12	91.7	11	30	21	42.9	9	
Contract Construction	512	607	-15.7	-95	602	618	-2.6	-16	
Manufacturing	248	343	-27.7	-95	252	261	-3.4	-9	
Service Production	3,653	3,603	1.4	50	3,869	3,775	2.5	94	
Trans., Comm., Pub. Util.	173	171	1.2	2	180	172	4.7	8	
Trade	1,248	1,222	2.1	26	1,332	1,335	-0.2	-3	
Wholesale	107	125	-14.4	-18	135	146	-7.5	-11	
Retail	1,141	1,097	4.0	44	1,197	1,189	0.7	8	
Fin., Ins., & Real Estate	112	95	17.9	17	113	102	10.8	11	
Services	1,085	1,119	-3.0	-34	1,180	1,143	3.2	37	
Government	1,035	996	3.9	39	1,064	1,023	4.0	41	
Federal	55	58	-5.2	-3	69	76	-9.2	-7	
State	145	138	5.1	7	159	160	-0.6	-1	
Local	835	800	4.4	35	836	787	6.2	49	

^{*} Seasonally Adjusted p = Preliminary

^{**} Detail may not add to total due to rounding; employment covered by Unemployment Insurance laws.

Wasatch County Permit-Authorized Construction

	First Qu	First Quarter (Jan-Mar)			Second Quarter (Apr-Jun)			Annual Averages		
			Percent			Percent			Percent	
	2001	2000	Change	2001	2000	Change	2001	2000	Change	
Wasatch County										
New Dwelling Units	51	60	-15.0%	81	88	-8.0%	132	148	-10.8%	
New Residential (\$000)	10,622.6	9,900.9	7.3%	15,503	20,117	-22.9%	26,125.4	30,017.5	-13.0%	
New Nonresidential(\$000)	3,857.9	1,127.8	242.1%	2,057	4,765	-56.8%	5,914.5	5,893.0	0.4%	
Additions/Alterations/Repairs	464.6	328.6	41.4%	861.6	778.6	10.7%	1,326.2	1,107.2	19.8%	
Residential (\$000)	355.8	176.7	101.4%	680	528	28.6%	1,035.3	705.1	46.8%	
Nonresidential (\$000)	108.8	151.9	-28.4%	182	250	-27.2%	290.9	402.1	-27.7%	
Total (\$000)	14,945.1	11,357.3	31.6%	18,421.0	25,660.4	-28.2%	33,366.1	37,017.7	-9.9%	
Heber City										
New Dwelling Units	35	37	-5.4%	42	37	13.5%	77	74	4.1%	
New Residential (\$000)	4,540.7	4,286.3	5.9%	5,633	4,678	20.4%	10,173.6	8,963.9	13.5%	
New Nonresidential(\$000)	919.6	764.2	20.3%	660	3,417	-80.7%	1,579.5	4,180.9	-62.2%	
Additions/Alterations/Repairs	154.9	159.8	-3.1%	292.2	505.2	-42.2%	447.1	665.0	-32.8%	
Residential (\$000)	79.0	7.9	900.0%	111	255	-56.4%	190.2	262.9	-27.7%	
Nonresidential (\$000)	75.9	151.9	100.0%	181	250	-27.7%	256.9	402.1	-36.1%	
Total (\$000)	5,615.2	5,210.3	7.8%	6,585.0	8,599.5	-23.4%	12,200.2	13,809.8	-11.7%	
Midway										
New Dwelling Units	2	8	-75.0%	10	13	-23.1%	12	21	-42.9%	
New Residential (\$000)	270.7	1,245.1	-78.3%	1,954	2,690	-27.4%	2,224.8	3,934.9	-43.5%	
New Nonresidential(\$000)	0.0	0.0	0.0%	3	173	-98.1%	3.3	172.7	-98.1%	
Additions/Alterations/Repairs	142.9	167.4	-14.6%	1.2	5.9	-79.7%	144.1	173.3	-16.8%	
Residential (\$000)	110.0	167.4	-34.3%	0	6	-98.3%	110.1	173.3	-36.5%	
Nonresidential (\$000)	32.9	0.0	na	1	0	na	34.0	0.0	na	
Total (\$000)	413.6	1,412.5	-70.7%	1,958.6	2,868.4	-31.7%	2,372.2	4,280.9	-44.6%	
Other Wasatch County										
New Dwelling Units	14	15	-6.7%	29	38	-23.7%	43	53	-18.9%	
New Residential (\$000)	5,811.2	4,369.5	33.0%	7,916	12,749	-37.9%	13,727.0	17,118.7	-19.8%	
New Nonresidential(\$000)	2,938.3	363.6	708.1%	1,393	1,176	18.5%	4,331.7	1,539.4	181.4%	
Additions/Alterations/Repairs	166.8	1.4	11814.3%	568.2	267.5	112.4%	735.0	268.9	173.3%	
Residential (\$000)	166.8	1.4	11814.3%	568	268	112.4%	735.0	268.9	173.3%	
Nonresidential (\$000)	0.0	0.0	0.0%	0	0	0.0%	0.0	0.0	0.0%	
Total (\$000)	8,916.3	4,734.5	88.3%	9,877.4	14,192.5	-30.4%	18,793.7	18,927.0	-0.7%	

Source: Bureau of Economic and Business Research, University of Utah.

wasatch County Gross Taxable Retail Sales

	1st Quar	ter (Jan - March	1)	2nd Quarter (April - June)			First Half 2001		
Standard Industrial Classification	2001	2000	% Chng	2001	2000	% Chng	2001	2000	% Chng
Agriculture, Forestry & Fishing	\$213,891	\$175,930	21.6	\$323,089	\$295,360	*	\$536,980	*	*
Construction	99,100	987,952	-90.0	223,214	644,479	-65.4	322,314	1,632,431	-80.3
Manufacturing	1,342,759	1,991,646	-32.6	2,730,884	1,576,201	73.3	4,073,643	3,567,847	14.2
Transportation	76,606	103,240	-25.8	107,466	132,758	-19.1	184,072	235,998	-22.0
Communications	2,703,572	2,226,046	21.5	2,734,854	1,948,362	40.4	5,438,426	4,174,408	30.3
Electric & Gas	4,180,538	3,277,105	27.6	2,612,575	2,514,451	3.9	6,793,113	5,791,556	17.3
Total Wholesale Trade Sales	1,024,995	923,478	11.0	1,388,367	956,959	45.1	2,413,362	1,880,437	28.3
Durable Goods	897,863	842,358	6.6	1,279,539	833,565	53.5	2,177,402	1,675,923	29.9
Nondurable Goods	127,132	81,120	56.7	108,828	123,394	-11.8	235,960	204,514	15.4
Total Retail Trade Sales	18,821,110	20,560,678	-8.5	22,121,684	22,384,210	-1.2	40,942,794	42,944,888	-4.7
Building and Garden Stores	2,304,342	3,099,563	-25.7	3,530,363	3,491,787	1.1	5,834,705	6,591,350	-11.5
General Merchandise Stores	329,925	317,738	3.8	457,874	445,054	2.9	787,799	762,792	3.3
Food Stores	7,134,362	7,307,919	-2.4	8,230,258	7,796,520	5.6	15,364,620	15,104,439	1.7
Motor Vehicle Dealers	4,043,837	4,515,217	-10.4	4,553,686	5,091,051	-10.6	8,597,523	9,606,268	-10.5
Apparel & Accessory Stores	85,513	57,697	48.2	112,099	81,214	38.0	197,612	138,911	42.3
Furniture Stores	270,802	232,195	16.6	278,340	239,866	16.0	549,142	472,061	16.3
Eating & Drinking Places	3,345,980	3,347,699	-0.1	3,590,578	3,748,335	-4.2	6,936,558	7,096,034	-2.2
Miscellaneous Retail	1,306,349	1,682,650	-22.4	1,368,486	1,490,383	-8.2	2,674,835	3,173,033	-15.7
Finance, Insurance, Real Estate	649,176	598,749	8.4	598,576	713,262	-16.1	1,247,752	1,312,011	-4.9
Total Service Sales	5,497,980	5,211,422	5.5	7,006,892	5,782,546	21.2	12,504,872	10,993,968	13.7
Hotels & Lodging	1,972,593	2,320,771	-15.0	2,189,445	1,884,446	16.2	4,162,038	4,205,217	-1.0
Personal	198,148	193,541	2.4	165,685	210,504	-21.3	363,833	404,045	-10.0
Business	1,411,163	930,706	51.6	1,326,020	1,214,201	9.2	2,737,183	2,144,907	27.6
Auto & Misc. Repair	1,257,234	1,260,358	-0.2	1,396,891	923,371	51.3	2,654,125	2,183,729	21.5
Amusement & Recreation	511,929	304,357	68.2	1,662,015	1,397,004	19.0	2,173,944	1,701,361	27.8
Health	123,803	133,800	-7.5	139,439	121,793	14.5	263,242	255,593	3.0
Ed., Legal, Social	23,110	67,889	-66.0	127,397	31,227	308.0	150,507	99,116	51.8
Public Administration	31,346	33,164	-5.5	265,118	239,402	10.7	296,464	272,566	8.8
Private Motor Vehicle Sales	1,229,987	1,459,690	-15.7	1,752,682	1,962,760	-10.7	2,982,669	3,422,450	-12.8
Occasional Retail Sales	916	2,073	-55.8	45,794	75,180	-39.1	46,710	77,253	-39.5
Nondisclosable or Nonclassifiable	129,070	89,233	44.6	45,279	92,154	-50.9	174,349	181,387	-3.9
Total	\$36,001,046	\$37,640,406	-4.4	\$41,956,474	\$39,318,084	6.7	\$77,957,520	\$76,487,200	1.9

**Annual Average Only

Source: Utah State Tax Commission.

Here Comes the North American Industry Classification System

Are you prepared for a big change? If you are familiar with how businesses are assigned an industrial classification, like manufacturing or retail trade or services, then you will need to retrain your thought process. The Standard Industrial Classification (SIC) coding system, which had served this nation well since its inception in the 1930's, has become outdated. Our economy is much different now than the way it looked in the 1930's, so it's time to adjust how we classify today's businesses.

This is being accomplished with the introduction of the North American Industry Classification System (NAICS), a federal-government system that is more in tune with our new and emerging industries. It as partners with our Canadian and Mexican neighbors, as they also adopt this system. An unfortunate consequence of this needed change is that the NAICS system presents such a drastic classification change that its comparison against the historic SIC industry composition is difficult. Fortunately, total employment is comparable.

The publication of 2002 employment data will be the first time economic growth will be measured using the NAICS system. During 2000 and 2001, Workforce Services has been assigning all businesses in Utah with a NAICS classification. By 2002, there will be a year's worth of data available, and year-over accounting will be published using a NAICS format. With the publication of 2002 data, the SIC format will no longer be used. For a preview of what the economy will look like under NAICS, please refer to the table on page 11.

As Bob Dylan once penned, "the times they are a changing." So be prepared to retrain your thought process and take a fresh new look at Utah's economic makeup.

http://www.census.gov/epcd/www/naics.html

labor market indicators

Wasatch County

	First Quarter (January-March)				Second Quarter (April-June)			
			Percent	Numeric			Percent	Numeric
	2001(p)	2000	Change	Change	2001(p)	2000	Change	Change
Civilian Labor Force*	6,655	6,333	5.1	322	6,600	6,307	4.7	293
Employed	6,317	6,042	4.6	275	6,287	6,010	4.6	277
Unemployed Percent of Labor force	338 5.1	291 4.6	16.0	47	313 4.7	297 4.7	5.4	16
Percent of Labor force	5.1	4.0			4.7	4.7		
Total Nonagricultural Jobs**	4,436				4,753			
Goods Production	770				879			
Mining	23				30			
Construction	512				606			
Manufacturing	235				243			
Service Production	3,666				3,874			
Trade, Transportation, and Utilities	766				794			
Wholesale Trade	52				64			
Retail Trade	590				597			
Transportation and Warehousing	106				114			
Utilities	18				19			
Information	49				43			
Financial Activities	131				130			
Finance and Insurance	87				92			
Real Estate and Rental and Leasing	44				38			
Professional and Business Services	309				345			
Prof., Scientific, and Tech. Services	188				190			
Man. of Companies and Enterprises	61				76			
Admin./Support, Wast Man./Remediation	60				79			
Education and Health Services	381				417			
Educational Services	26				28			
Health Care and Social Assistance	355				389			
Leisure and Hospitality	909				996			
Arts, Entertainment, and Recreation	23				24			
Accommodation and Food Services	886				972			
Other Services	86				85			
Government	1,035				1,064			
Federal	55				69			
State	145				159			
Local	835				836			

Employers' Corner



Zoom in to Information about Your Local Area

Work-Life Initiatives

Work-life programs focus on helping businesses become more successful by creating workplaces that support a diverse workforce and a culture that recognizes the work-life needs of its employees. Work-life programs and polices take many different forms, but businesses that truly benefit from work-life programs are the ones that align work-life strategies with business strategies, ensuring that their primary business and productivity objectives are supported by their efforts.

Utah's labor market has become increasingly competitive. Companies are doing all they can to attract and retain the best people and build profitable, productive businesses. Successful work/life programs can have a tremendous bottom-line impact by reducing turnover, enhancing recruitment, reducing absenteeism, improving retention, productivity, morale and strengthening employee commitment.

The following list highlights some of the work-life initiatives that Utah's Top Ten Most Family-Friendly Companies make available to their employees:

On or near site child care
Child Care Resource and Referral Services and Classes
Flexible benefits
Family Resource Library
Parenting Classes
Personal Development Classes
Tuition Reimbursement for employee and dependents
Fitness Centers on-site or discounted membership fees
Domestic Partner Insurance Coverage
Dedicated Lactation Room
Alternative Medicine Discounts
On-site Health Clinic with free immunizations for family
Sabbatical Leave
Children's Summer Camp
Paid Time-Off to Volunteer

For addition information, call the Office of Child Care, 801/526-4340.



The mission of the Utah Department of Workforce Services is to provide quality, accessible, and ccomprehensive employment-related and supportive services responsive to the needs of employers, job seekers, and the community.



Equal Opportunity Employment Program auxiliary aids and services are available upon request to individuals with disabilities. Call (801) 526-9240. Individuals with speech and/or hearing impairments may call the state relay at 1-800-346-4128.

Your local employment centers are located at:

Heber City Employment Center 69 North 600 West Suite C Heber, UT 84032 435-654-6520

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